

# ECONOMIC DEVELOPMENT ADMINISTRATION

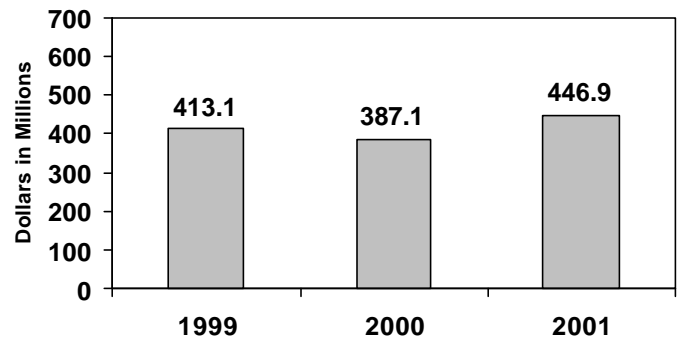
The Economic Development Administration (EDA) provides a broad range of economic development funding and assistance to stimulate employment and increase income in distressed communities which in turn promotes greater national productivity and balanced economic growth. EDA responds to community needs and priorities that create private sector jobs and leverage private capital. EDA carries out its economic development assistance program (EDAP) through a network of headquarters and regional personnel, working with local organizations and leaders to identify and fund high priority projects in the neediest communities. EDA's foremost objective has been, and continues to be, to create a climate conducive to the development of private enterprise in America's distressed communities.

EDA programs serve the nation's most distressed communities. In FY 2001, EDA grants will continue to assist communities characterized by high unemployment, low income, low growth rate, loss of jobs, out-migration, defense adjustment, and long-term economic deterioration. In FY 2001, EDA will strengthen its efforts to assist Native American Communities, the lower Mississippi Delta Region, as well as underserved communities around the nation that have not been included in the technological revolution. This budget as well seeks to double funding for EDA's most flexible program tool - Economic Adjustment grants.

EDA continues to realign its traditional budget structure to reflect a focus on EDA's customers and their needs while retaining familiar program categories. The traditional programs: Public Works, Planning, Technical Assistance, Research, Trade Adjustment Assistance, Economic Adjustment, and Defense



EDA Funding



Economic Adjustment Assistance are incorporated under the categories described below.

**Community and Regional Economic Enhancement** serves as a catalyst for assisting distressed communities in achieving their long-term economic potential which is based upon locally and regionally developed priorities. EDA, working in partnership with other Federal agencies, state and local governments, regional economic development districts, public and private non-profit organizations and Indian Tribes, serves as a catalyst for assisting distressed communities in achieving their long-term competitive economic potential through strategic investment of resources. EDA provides investments in a variety of geographical areas. Criteria for eligibility relate to such general indicators of distress as substantial and persistent unemployment levels, low incomes, and slow job growth. A number of additional, more specialized criteria may also qualify an area for assistance, such as base closures, natural disaster, or long-term loss of economic activity. EDA investments will be concentrated on projects for construction or expansion of community infrastructure and development facilities which include water and sewer systems; telecommunications and other electronic commerce infrastructure; industrial parks; skill training facilities; business incubators; economic development planning; technical assistance; and, revolving loan funds. Assistance is also given to firms and industries injured by changing trade patterns. EDA also works with communities adversely impacted by major catastrophic disasters, providing long-term economic recovery assistance. In major disaster situations, these programs will allow EDA to provide the planning and business recovery assistance critically needed prior to passage/availability of any additional emergency supplemental appropriations.



**Community Economic Adjustment** will provide technical assistance to U.S. communities economically injured as a result of international trade competition. In FY 2001, EDA will provide funding for Community Economic Adjustment, modeled after the Defense Economic Adjustment program, to ensure that communities continue to receive Federal assistance in a targeted, integrated manner. Assistance under this program will be provided using EDA's existing program authorities.

Through a coordinated, comprehensive information-gathering and distribution process, the EDA **National Program Analysis and Information Consolidation** program serves as the agency's conduit and repository for best practices in economic development. This program also tracks the benefits provided by EDA projects, including the number of jobs created and private sector dollars leveraged. EDA's goal is to promote economic development in distressed areas, as measured by new private investment, new and saved jobs, and increased local tax bases, all geared towards increased productivity and global competitiveness. As it strives to support this goal, EDA continues a series of evaluations to gauge the effectiveness of its efforts. Recently completed evaluations confirm substantial, positive outcomes as a result of EDA investments.

## EDA Performance Measures

EDA performance measures focus on long-term outcomes that document the long-term results of EDA investments in distressed areas. EDA projections for the long-term outcomes are based on systematic program evaluations conducted by Rutgers University. For example, FY 2001 grants for construction and revolving loan fund projects are expected to create or retain 60,199 jobs, and leverage \$2.04 billion dollars in private sector investment by FY 2010.

EDA is developing a reporting system to track long-term outcomes (e.g., job creation and private sector investment) reported by grantees over a period of years following grant award and project completion. FY 2001 grantees will report on program outcomes in FY 2004, FY 2007, and FY 2010. In the interim, EDA is conducting pilot reviews of earlier construction and revolving loan projects (e.g., FY 1993 grant awards) to validate projected targets for FY 2001, and to train EDA staff and grantees on valid methods for reporting and verifying outcome data.

To supplement the long-term measures, EDA had developed a set of interim and process measures that can be used by managers on a regular basis to set targets and track performance in critical areas that affect program outcomes (e.g., targeting investments in areas of highest distress, and improving the quality and efficiency of EDA assistance).

Performance measures will continue to evolve over time, as EDA and its programs, the Department of Commerce, and the Federal Government as a whole, continue to refine and enhance their capacities to develop performance measures, to use performance measurement as a key management tool, and implement the GPRA. A more detailed presentation of goals, objectives, and performance measures is found in the Department's Annual Performance Plan and EDA's budget justification.

# SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

## Funding Levels

	<u>1999</u>	<u>2000</u>	<u>2001</u> <u>Estimate</u>	<u>Increase</u> <u>(Decrease)</u>
Appropriation				
Salaries and Expenses	\$23,961	\$26,500	\$27,688	\$1,188
EDAP	368,379	360,550	409,250	48,700
<b>TOTAL APPROPRIATION</b>	<b>392,340</b>	<b>387,050</b>	<b>436,938</b>	<b>49,888</b>

Transfer of Y2K Funds (P.L. 105-277)	784	0		
Transfer from Agriculture (P.L. 105-277)	20,000	0		
Transfer from Agriculture (P.L. 106-78)	0	0	10,000	10,000
<b>BUDGET AUTHORITY</b>	<b>413,124</b>	<b>387,050</b>	<b>446,938</b>	<b>59,888</b>

## **PROPOSED SUPPLEMENTAL**

EDAP		23,750	0	(23,750)
S&E		1,250	0	(1,250)
<b>TOTAL BA WITH SUPPLEMENTAL</b>	<b>413,124</b>	<b>412,050</b>	<b>446,938</b>	<b>34,888</b>

## **PERMANENT POSITIONS**

Salaries and Expenses	261	265	265	0
Reimbursable	7	7	7	0
EDAP	0	0	0	0
<b>Total</b>	<b>268</b>	<b>272</b>	<b>272</b>	<b>0</b>

# HIGHLIGHTS OF BUDGET CHANGES

## APPROPRIATION: Salaries and Expenses

### Summary of Requirements

	<u>Detailed</u>		<u>Summary</u>	
	<u>Perm Pos</u>	<u>Amount</u>	<u>Perm Pos</u>	<u>Amount</u>
<b>2000 Enacted</b>			265	\$26,500
<b>Adjustments to Base</b>				
<b><u>Adjustments</u></b>				
Transfer of CAMS to NIST / FARS				(143)
Restoration of Base				154
Transfer to GA Security from Bureaus				(59)
<b><u>Other Changes</u></b>				
2000 Pay raise		\$196		
2001 Pay raise		480		
Payment to the Working Capital Fund		25		
Full-year cost in 2001 of positions financed for part-year in 2000		47		
Within-grade step increases		155		
One less compensable day		(68)		
Civil Service Retirement System (CSRS)		(45)		
Federal Employees' Retirement System (FERS)		57		
Thrift Savings Plan		11		
Federal Insurance Contributions Act (FICA) - OASDI		34		
Health insurance		73		
Employees' Compensation Fund		(18)		
Travel		49		
Rent payments to GSA		49		
Printing and reproduction		5		
NARA Storage and Maintenance		(1)		
Other services:				
Working Capital Fund		16		
Executive Development and Leadership Training		40		
Commerce Administrative Management System (CAMS)		90		
General Level Pricing Adjustment:		0		
Other Services		32		
Supplies and materials		4		
Equipment		5		
Subtotal, other cost changes			0	1,236
<b>TOTAL, ADJUSTMENTS TO BASE</b>			0	1,188
<b>2001 Base</b>			265	27,688
Program Changes			0	0
<b>2001 APPROPRIATION</b>			265	27,688

## Comparison by Activity

	2000 Currently Avail		2001 Base		2001 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
<b>DIRECT OBLIGATIONS</b>								
Salaries & Expenses	265	\$28,103	265	\$27,688	265	\$27,688	0	\$0
<b>TOTAL DIRECT OBLIGATIONS</b>	265	28,103	265	27,688	265	27,688	0	0
REIMBURSABLE OBLIGATIONS	7	1,706	7	760	7	760	0	0
<b>TOTAL OBLIGATIONS</b>	272	29,809	272	28,448	272	28,448	0	0
<b>FINANCING</b>								
Unobligated balance, start of year	0	(1,603)						
Offsetting collections from:								
Federal funds	(7)	(1,706)			(7)	(760)		
Non-Federal sources								
Subtotal, financing	(7)	(3,309)			(7)	(760)		
<b>TOTAL APPROPRIATION</b>	265	26,500			265	27,688		
Proposed Supplemental	0	1,250						
<b>TOTAL APPROPRIATION WITH SUPPLEMENTAL</b>	265	27,750						

As part of this budget submission, the Administration is requesting an FY 2000 Emergency Appropriation of \$1.250 million for Salaries and Expenses. This request corresponds with the \$23.750 million Emergency Appropriations the Administration is requesting for EDAP in response to 1999's Hurricane Floyd that devastated communities along the East Coast.

## APPROPRIATION: Economic Development Assistance Programs

### Summary of Requirements

	<u>Detailed</u>		<u>Summary</u>	
	<u>Perm Pos</u>	<u>Amount</u>	<u>Perm Pos</u>	<u>Amount</u>
<b>2000 Enacted</b>			0	360,550
<b>Adjustments to Base</b>				0
<b>2001 Base</b>			0	360,550
Program Changes			0	48,700
<b>2001 APPROPRIATION</b>			0	409,250

## Comparison by Activity

	2000 Currently Avail		2001 Base		2001 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
<b>DIRECT OBLIGATIONS</b>								
Community and Regional Economic Enhancement								
Planning	0	\$35,749	0	\$35,749	0	\$29,268	0	(\$ 6,481)
Technical Assistance	0	27,575	0	27,575	0	27,187	0	(388)
Public Works	0	285,706	0	285,706	0	247,462	0	(38,244)
Capital Access	0	9,920	0	9,920	0	11,533	0	1,613
Subtotal, Community and Regional Economic Enhancement	0	358,950	0	358,950	0	315,450	0	(43,500)
Mississippi Delta								
Technical Assistance		0		0		1,000		1,000
Public Works		0		0		6,000		6,000
Capital Access		0		0		3,000		3,000
Subtotal, Mississippi Delta		0		0		10,000		10,000
E-Commerce								
Public Works	0	0	0	0	0	23,000	0	23,000
Community Economic Adjustment								
Technical Assistance	0	0	0	0	0	2,000	0	2,000
Public Works	0	0	0	0	0	5,000	0	5,000
Capital Access	0	0	0	0	0	3,000	0	3,000
Subtotal, Community Economic Adjustment	0	0	0	0	0	10,000	0	10,000
National Program Analysis and Information Consolidation								
Technical Assistance & Research	0	1,600	0	1,600	0	1,600	0	0
Native American Economic Development Assistance								
Technical Assistance	0	0	0	0	0	1,200	0	1,200
Planning	0	0	0	0	0	4,000	0	4,000
Public Works	0	0	0	0	0	30,000	0	30,000
Capital Access	0	0	0	0	0	14,000	0	14,000
Subtotal, Native American Economic Development Assistance	0	0	0	0	0	49,200	0	49,200
Alaska Title IX (P.L. 105-277)		10,827						
Alaska TAA (P.L. 105-277)		4,800						
1996 Floods (P.L. 104-134)		23						
Tri-State Floods (P.L. 103-317)		1,247						
1997 Upper Midwest Floods (P.L. 105-18)		1						
Defense Adjustment Assistance (P.L. 102-172)		773						
Hurricane Andrew Grants (P.L. 102-368)		16						
NE Fisheries (P.L. 103-211)		101						

	2000 Currently Avail		2001 Base		2001 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
<b>DIRECT OBLIGATIONS</b>								
S.California Earthquake (P.L. 103-211)		\$8						
Fran and Hortense (P.L. 104-208)		800						
Norton Sound Fishery Disaster (P.L. 106-78)	0	0	0	\$0	0	\$10,000	0	\$10,000
<b>TOTAL DIRECT OBLIGATIONS</b>	0	379,146	0	360,550	0	419,250	0	58,700
REIMBURSABLE OBLIGATIONS		950		500		500	0	0
<b>TOTAL OBLIGATIONS</b>	0	380,096	0	361,050	0	419,750	0	58,700
<b>FINANCING</b>								
Unobligated balance, start of year	0	(18,096)						
Recovery of prior obligations		(500)						
Offsetting collections from:								
Federal funds	0	(950)			0	(500)		0
Subtotal, financing	0	(19,546)			0	(500)		0
<b>TOTAL BUDGET AUTHORITY</b>	0	360,550			0	419,250		58,700
Transfer from USDA	0	0				(10,000)		(10,000)
<b>APPROPRIATION</b>	0	360,550			0	409,250		48,700

#### Proposed Supplemental

Hurricane Floyd	23,750
<b>TOTAL APPROPRIATION WITH SUPPLEMENTAL</b>	<b>384,300</b>

### Highlights of Program Changes

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>Permanent Positions</u>	<u>Amount</u>	<u>Permanent Positions</u>	<u>Amount</u>
<u>EDAP</u>	0	\$360,550	0	\$48,700

A net increase is requested for Economic Development Adjustment Programs (EDAP) (0 pos.; +\$48,700). Within EDA's traditional program structure, this proposed funding level includes an increase of \$45.371 million for Economic Adjustment which more than doubles the funding for these grants from about \$35 million in FY 2000 to \$80 million in FY 2001. Also included is an increase of \$46.679 million for Public Works, a \$1.3 million increase for Planning and a \$1.2 million increase for Technical Assistance. In addition, EDA is requesting a \$45.85 million decrease in funding for its Defense Economic Adjustment program which reflects the current activity level of the Base Realignment and Closure Commission.

Under EDA's revised budget structure, the following funding levels are proposed.

EDA is requesting, as part of the Department's overall e-Commerce strategy, that additional public works funds be provided to help communities plan for and deploy broadband in underserved areas (0 pos; +\$23,000). Numerous studies point to the growing "digital divide," or the technology gap in which economically disadvantaged communities have less access to technology because of their geographic locations. EDA's focused effort to bring high speed internet access to underserved communities will help bridge this digital divide.

Another portion of the increase will enable EDA to refocus its efforts to assist Native American communities (0 pos; +\$49,200). This program, which includes \$1.5 million for planning grants, \$11.0 million for public works grants and \$10.0 million for capital access grants, in addition to \$26.7 million in base funds, will enable EDA to devote resources to assist Native American communities as recommended by a June 1999 study that found that these communities have poverty rates two and a half times the national average, unemployment that is over eight times higher than the national average, where the median family income

is less than two-thirds the national average, and where less than half of the homes have no phones.

Another initiative will enable EDA to partner with other Federal entities to assist underserved communities in the Lower Mississippi Delta Region, providing targeted funds to support \$1.0 million in technical assistance grants, \$6.0 million for public works grants, and \$3.0 million for capital access projects (0 pos.; +\$10,000). This program is part of the Administration's renewed commitment to ensuring that these communities can keep pace economically and technologically with the rest of the country.

EDA proposes funding for the Community Economic Adjustment program, patterned after the Defense Economic Adjustment program (0 pos.; +\$10,000). This effort will include \$2.0 million in technical assistance, \$5.0 million in public works and \$3.0 million in capital access, funding that will enable EDA to more effectively work with communities negatively impacted by shifting patterns in international trade.

Within its Community and Regional Economic Enhancement Program, EDA is proposing an overall decrease in resources (+0 pos, -\$43,500). This request includes an increase in public works grants to assist New England fisheries, \$3.2 million. This funding is in addition to a \$10.0 million transfer from USDA that EDA will receive in FY 2001 for the Norton Sound, Alaska, fisheries failure. A modest increase is proposed for Economic Adjustment (0 pos.; +\$1,613). Other changes include a decrease in Planning grants (0 pos.; -\$6,481), a decrease for Technical Assistance (0 pos.; -\$388) and a decrease in Public Works grants (0 pos.; -\$38,244). (The primary component of this net decrease is a \$40.11 million decrease in defense public works grants. This reduction in funding reflects the current level of base reuse activities following the past four rounds of base closures (1988, 1991, 1993, and 1995); EDA expects that funding requirements will decline as the remaining bases are closed.)

These program realignments will enable EDA to provide the most flexible and targeted assistance to economically distressed communities.

As part of this budget submission, the Administration is requesting an FY 2000 emergency appropriation of \$23.750 million for EDAP. This request corresponds with the \$1.250 million emergency appropriations the Administration is requesting for S&E in response to 1999's Hurricane Floyd that devastated communities along the East Coast.